

**CITY OF MANSFIELD, LOUISIANA
ANNUAL FINANCIAL REPORT**

DECEMBER 31, 2014

City of Mansfield, Louisiana
Annual Financial Report
December 31, 2014

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City of Mansfield, Louisiana

Management's Discussion and Analysis (MD&A) December 31, 2014

As management of the City of Mansfield, Louisiana, we offer the readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Mansfield as of and for the year ended December 31, 2014. We encourage readers to consider the information presented here in conjunction with the City's basic financial statements and supplementary information provided in this report in assessing the efficiency and effectiveness of our stewardship of public resources.

Financial Highlights

As of December 31, 2014, the assets of the City exceeded its liabilities by \$14,349,764. As of December 31, 2014, there was a deficit of unrestricted net position in the amount of \$3,164,073. During 2014, net position of the governmental activities decreased by \$975,291 (59%), while net assets of the business-type activities decreased \$199,553 (2%).

As of the close of fiscal year 2014, the City's governmental funds reported a combined ending fund balance of \$2,396,791, a decrease of \$1,062,312 (31%) from prior year.

The City of Mansfield had an increase in its property tax base (increase in the value of properties located within the City) of approximately five percent (5%) during the year ended December 31, 2014.

Improvements to the water system were substantially completed in 2014, primarily funded by a Drinking Water Revolving Loan.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements include three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains additional required supplementary information (budgetary schedules) and other supplementary information in addition to the basic financial statements. These components are described below:

Basic Financial Statements

The basic financial statements include two kinds of financial statements that present different views of the City – the Government-wide Financial Statements and the Fund Financial Statements. These financial statements also include the Notes to Financial Statements that explain some of the information in the financial statements and provide additional detail.

Government-wide Financial Statements - The government-wide financial statements provide a broad view of the City's operations in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the City's financial position, which assists users in assessing the City's economic condition at the end of the year. These statements are prepared using

City of Mansfield, Louisiana

Management's Discussion and Analysis (MD&A) December 31, 2014

the economic resources measurement focus and the accrual basis of accounting similar to methods used by most businesses. These statements report all revenues and expenses connected with the year, even if cash has not been received or paid, and include all assets of the City as well as all liabilities (including long-term debt). Additionally, certain eliminations have occurred as prescribed by GASB 34 in regards to interfund activity, payables, and receivables. The government-wide financial statements include two statements:

The Statement of Net Position presents all of the City's assets and liabilities with the difference between the two reported as "net position".

The Statement of Activities presents information showing how the City's net position changed during the most recent year using the full accrual basis of accounting. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Therefore, some revenues and some expenses that are reported in this statement will not result in cash flows until future years. This statement also presents a comparison between direct expenses and program revenues for each function of the City.

These two statements report the City's net position and changes in net position. You can think of the City's net position - the difference between assets and liabilities - as one way to measure the City's financial health. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's infrastructure, to assess the overall health of the City.

Both of the above financial statements have separate sections for the two different types of City activities. These activities are:

Governmental Activities - The activities in this section are mostly supported by taxes and intergovernmental revenues (grants). Most services normally associated with the City fall into this category, including general government, public safety, public works, sanitation, recreation, and maintenance.

Business-type Activities - These functions are normally intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services. The business-type activities of the City consist of the provision of water and sewer services.

The government-wide financial statements can be found immediately following the auditor's report.

Fund Financial Statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

City of Mansfield, Louisiana

Management's Discussion and Analysis (MD&A) December 31, 2014

The fund financial statements focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements. The funds of the City can be divided into two categories. It is important to note that these fund categories use different accounting approaches and should be interpreted differently. The two categories of funds are:

Governmental Funds - Most of the basic services provided by the City are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the year. Such information may be useful in evaluating the City's near-term financing requirements. This approach is known as using the flow of financial resources measurement focus and the modified accrual basis of accounting. These statements provide a detailed short-term view of the City's finances and assists in determining whether there will be adequate financial resources available to meet the current needs of the City.

Because the focus of the governmental funds financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, users may better understand the long-term impact of the City's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and the governmental activities. These reconciliations are presented on the page immediately following each governmental fund's financial statement.

The City has four governmental funds: the General Fund, the Police Witness Fees Fund, the Capital Projects Fund and the Debt Service Fund. The General Fund and the Debt Service Fund are considered major funds for presentation purposes. That is, each major fund is presented in a separate column in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances.

The basic governmental funds financial statements can be found immediately following the government-wide financial statements.

Proprietary Funds - These funds are used to show activities that operate more like those of commercial enterprises. Because these funds charge fees for services provided to outside customers, including local governments, they are known as enterprise funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund statements use the accrual basis of accounting. There is no reconciliation needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

City of Mansfield, Louisiana

Management's Discussion and Analysis (MD&A) December 31, 2014

The City has two enterprise funds, the Water Fund and the Sewer Fund, each of which is considered a major proprietary fund for presentation purposes.

The basic proprietary funds financial statements can be found immediately following the governmental funds financial statements.

Notes to the Financial Statements - The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the fund financial statements.

Required Supplementary Information - The basic financial statements are followed by a section of required supplementary information. This section includes a budgetary comparison schedule for the General Fund and the Debt Service Fund as presented in the governmental funds financial statements. Annual budgets are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). Act 706 of the Louisiana 2014 Legislative Session requires a Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer which is also presented as required supplementary information. Following the required supplementary information is other supplementary information that is provided to show additional details.

Financial Analysis of Government-Wide Activities

Net Position - The City's combined net position (governmental and business-type activities) totaled \$14,349,764 and \$15,524,608 as of December 31, 2014 and 2013 respectively, a decrease of \$1,174,844 (8%).

As of December 31, 2014, \$16,811,642 (118%) of the City's net position consists of investment in capital assets such as land, buildings, equipment, and water and sewer plant and improvements, less any related debt used to acquire those assets that is still outstanding, compared to \$17,088,396 (110%) of the City's net position as of the close of the prior year. The City uses these capital assets to provide services to the citizens of Mansfield; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of net position, \$702,195 (5%) is restricted by loan covenants for repayment of principal and interest on long-term debt.

The other portion of the City's net position, a deficit of \$3,164,073 (-22%) and \$3,025,204 (-20%) as of December 31, 2014 and 2013 respectively. The City continues to maintain a high level of liquidity with \$3,361,494 of cash, demand deposits, and certificates of deposit at December 31, 2014.

City of Mansfield, Louisiana

**Management's Discussion and Analysis (MD&A)
December 31, 2014**

	As of December 31, 2014			As of December 31, 2013		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Current and other assets	\$ 2,513,242	\$ 1,650,251	\$ 4,163,493	\$ 3,609,084	\$ 1,707,589	\$ 5,316,673
Capital assets	<u>4,535,295</u>	<u>13,699,794</u>	<u>18,235,089</u>	<u>4,679,950</u>	<u>13,914,426</u>	<u>18,594,376</u>
Total Assets	<u>\$ 7,048,537</u>	<u>\$15,350,045</u>	<u>\$22,398,582</u>	<u>\$ 8,289,034</u>	<u>\$15,622,015</u>	<u>\$23,911,049</u>
Long term liabilities	\$ 5,904,285	\$ 1,554,134	\$ 7,458,419	\$ 6,137,856	\$ 1,616,100	\$ 7,753,956
Other liabilities	<u>464,797</u>	<u>125,602</u>	<u>590,399</u>	<u>496,432</u>	<u>136,053</u>	<u>632,485</u>
Total Liabilities	<u>\$ 6,369,082</u>	<u>\$ 1,679,736</u>	<u>\$ 8,048,818</u>	<u>\$ 6,634,288</u>	<u>\$ 1,752,153</u>	<u>\$ 8,386,441</u>
Net Position:						
Net investment in capital assets	\$ 4,535,295	\$12,276,347	\$16,811,642	\$ 4,679,950	\$12,408,446	\$17,088,396
Restricted	0	702,195	702,195	0	1,461,416	1,461,416
Unrestricted	<u>(3,855,840)</u>	<u>691,767</u>	<u>(3,164,073)</u>	<u>(3,025,204)</u>	<u>0</u>	<u>(3,025,204)</u>
Total Net Position	<u>\$ 679,455</u>	<u>\$13,670,309</u>	<u>\$14,349,764</u>	<u>\$ 1,654,746</u>	<u>\$13,869,862</u>	<u>\$15,524,608</u>

Changes in Net Position

The City's net position decreased by \$1,174,844 during the year ended December 31, 2014 compared to an decrease of \$540,818 in 2013. This change is due primarily to an increase in expenses and decreases in capital grants as projects were completed.

Approximately 40% (\$2,128,200) of the City's total revenues was derived through charges for services in 2014 compared to 35% (\$2,202,071) in 2013. During the year ended December 31, 2014, approximately 57% (\$3,024,991) was derived from general revenues including taxes and interest compared to 52% (\$3,258,840) during 2013. The City received \$237,779 (3%) and \$780,052 (13%) of its total revenues through program grants and contributions during 2014 and 2013, respectively.

City of Mansfield, Louisiana

**Management's Discussion and Analysis (MD&A)
December 31, 2014**

	As of December 31, 2014			As of December 31, 2013		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Program Revenues:						
Fees, fines and charges for services	\$ 364,863	\$ 1,763,337	\$ 2,128,200	\$ 353,005	\$ 1,849,066	\$ 2,202,071
Operating grants and Contributions	175,405	0	175,405	189,518	0	189,518
Capital grants and Contributions	35,140	27,234	62,374	505,534	85,000	590,534
General Revenues:						
Ad valorem taxes	408,442	0	408,442	404,587	0	404,587
Sales and use tax	1,618,673	0	1,618,673	1,774,243	0	1,774,243
Franchise fees	313,019	0	313,019	317,979	0	317,979
Hotel and Motel	106,474	0	106,474	144,528	0	144,528
Licenses and Permits	310,043	0	310,043	298,359	0	298,359
Video Poker	191,063	0	191,063	201,904	0	201,904
Interest income	8,905	6,385	15,290	15,438	7,829	23,267
Oil & Gas Royalty	53,417	0	53,417	57,055	0	57,055
Other	<u>8,570</u>	<u>0</u>	<u>8,570</u>	<u>36,918</u>	<u>0</u>	<u>36,918</u>
Total Revenues	<u>\$3,594,014</u>	<u>\$ 1,796,956</u>	<u>\$ 5,390,970</u>	<u>\$4,299,068</u>	<u>\$ 1,941,895</u>	<u>\$ 6,240,963</u>
Expenses:						
General government	\$1,758,347	\$ 0	\$ 1,758,347	\$ 1,675,371	\$ 0	\$ 1,675,371
Public safety	1,749,360	0	1,749,360	1,770,726	0	1,770,726
Public works	413,565	0	413,565	705,734	0	705,734
Sanitation	140,288	0	140,288	139,145	0	139,145
Recreation	4,186	0	4,186	25,501	0	25,501
Interest on long-term debt	181,168	0	181,168	215,044	28,473	243,517
Water and sewer	0	2,250,790	2,250,790	0	2,154,862	2,154,862
Maintenance	<u>68,110</u>	<u>0</u>	<u>68,110</u>	<u>66,925</u>	<u>0</u>	<u>66,925</u>
Total Expenses	<u>\$4,315,024</u>	<u>\$ 2,250,790</u>	<u>\$ 6,565,814</u>	<u>\$4,598,446</u>	<u>\$ 2,183,335</u>	<u>\$ 6,781,781</u>
(Decrease) in net position before transfers	\$ (721,010)	\$ (453,834)	\$ (1,174,844)	\$ (299,378)	\$ (241,440)	\$ (540,818)
Transfers	<u>(254,281)</u>	<u>254,281</u>	<u>0</u>	<u>(323,445)</u>	<u>323,445</u>	<u>0</u>
Increase (Decrease) in net position	\$ (975,291)	\$ (199,553)	\$ (1,174,844)	\$ (622,823)	\$ 82,005	\$ (540,818)
Net Position- Beginning	<u>1,654,746</u>	<u>13,869,862</u>	<u>15,524,608</u>	<u>2,277,569</u>	<u>13,787,857</u>	<u>16,065,426</u>
Net Position-Ending	<u>\$ 679,455</u>	<u>\$13,670,309</u>	<u>\$14,349,764</u>	<u>\$1,654,746</u>	<u>\$13,869,862</u>	<u>\$15,524,608</u>

City of Mansfield, Louisiana

Management's Discussion and Analysis (MD&A) December 31, 2014

Financial Analysis of the Individual Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of the City's governmental funds is to provide information on the near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at the end of the year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$2,396,791, a decrease of \$1,062,312 in comparison with the prior year. Approximately \$563,924 of this total amount consists of unassigned fund balance, which is available for spending at the City's discretion.

Proprietary Funds - The City's proprietary funds provide the same type of information as the government-wide financial statements, but in more detail. The proprietary fund financial statements provide separate information for the water and sewer operations, which are considered to be major funds of the City. The City's proprietary funds consist of enterprise funds which report the same functions presented as business-type activities in the government-wide financial statements.

At the end of the current fiscal year, the City's proprietary funds reported combined ending net position of \$13,670,309; a decrease of \$199,553 in comparison with the prior year's ending net position of \$13,869,862. The Water Fund had a decrease in net position of \$97,331, and the Sewer Fund had a decrease in net position of \$102,222. \$12,276,347 represents investment in capital assets net of accumulated depreciation and related outstanding debt. A total of \$702,195 is restricted by loan covenants for repayment of principal and interest on long-term debt and \$691,767 is unrestricted and is available for spending at the City's discretion.

General Fund Budgetary Highlights - Formal budgetary integration is employed as a management control device during the fiscal year. The budget policy of the City complies with state law, as amended, and as set forth in Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA -RS. 39:1301 et seq.).

The City's General Fund budget was amended because public safety, public works, and capital outlays were less than originally budgeted.

The actual revenues were \$412,729 less than the final budgeted amounts and the actual expenditures were \$197,894 more than the final budgeted amounts.

City of Mansfield, Louisiana

Management's Discussion and Analysis (MD&A) December 31, 2014

Capital Asset Administration

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2014 totaled \$33,578,564, net of accumulated depreciation of \$15,343,475, leaving a book value of \$18,235,089. This investment in capital assets consists of land, buildings, equipment, and water and sewer plant and improvements. Depreciation charges for the year totaled \$908,025 for 2014 compared to \$787,386 for the prior year.

During 2014, major capital expenditures included \$291,059 for improvements to the water and sewer systems, and \$210,787 for street and sidewalk improvements.

Debt Administration

At year-end, the City had \$7,617,265 in bonds and notes outstanding, a decrease of \$294,571 compared to the prior year.

Debt, considered a liability of governmental activities, decreased due to payments made on the three bonds of \$264,000. However, an issuance of Series 2010B Sales Tax Bonds in the amount of \$35,429 was received in the current year.

Debt considered a liability of the business-type activities decreased by \$66,000 due to the debt payments made.

Economic Factors and Next Year's Budgets and Rates

The following economic factors were considered when the budget for the General Fund for the fiscal year ended December 31, 2014 was prepared:

- Revenues are expected to be approximately \$3,487,900 during the fiscal year ended 2015.
- The budget provides for a merit increase for employees.
- The City intends to expend \$50,000 for capital outlays during 2015.
- Other expenditures are expected to remain consistent with the prior year.

City of Mansfield, Louisiana

**Management's Discussion and Analysis (MD&A)
December 31, 2014**

Requests For Information

The financial report is designed to provide a general overview of the finances of the City and seeks to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Mansfield, P.O. Box 773, Mansfield, Louisiana 71052 or by calling (318) 872-0406.

Johnson, Thomas & Cunningham

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and the City Council of
Mansfield, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mansfield, Louisiana, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City of Mansfield's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the

appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mansfield, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 9 be presented to supplement the basic financial statements. Act 706 of the Louisiana 2014 Legislative Session requires a Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer on page 51 to supplement the financial statements. Such information, although not a part of the basic financial statements, is presented for purposes of additional analysis and is required by the Governmental Accounting Standards Board, or Louisiana State Law, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis and Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City of Mansfield. The budgetary comparisons listed as other required supplemental information in the table of contents and the combining non-major fund financial statements listed as other information in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison statements and combining non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting

and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison statements and combining non-major fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2015, on our consideration of the City of Mansfield's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Mansfield's internal control over financial reporting and compliance.

Johnson, Thomas & Cunningham, CPA's
Johnson, Thomas & Cunningham, CPA's

May 5, 2015
Natchitoches, Louisiana

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

City of Mansfield, Louisiana
Government-Wide Statement of Net Position
December 31, 2014

	Governmental Activities	Business-Type Activities	Total
Assets:			
Current Assets-			
Cash & Cash Equivalents	\$ 2,090,610	\$ 614,877	\$ 2,705,487
Revenue Receivables, Net-			
Utility Billings	0	368,003	368,003
Other	400,444	0	400,444
Prepaid Expenses	22,188	8,707	30,895
Due from Other Funds	0	2,657	2,657
Total Current Assets	<u>\$ 2,513,242</u>	<u>\$ 994,244</u>	<u>\$ 3,507,486</u>
Non-Current Assets-			
Restricted Assets-			
Cash & Cash Equivalents	\$ 0	\$ 358,539	\$ 358,539
Customer's Deposit Accounts	0	297,468	297,468
Capital Assets - Net of Accumulated Depreciation	<u>4,535,295</u>	<u>13,699,794</u>	<u>18,235,089</u>
Total Non-Current Assets	<u>\$ 4,535,295</u>	<u>\$14,355,801</u>	<u>\$18,891,096</u>
Total Assets	<u>\$ 7,048,537</u>	<u>\$15,350,045</u>	<u>\$22,398,582</u>
Liabilities:			
Current Liabilities-			
Accounts Payable	\$ 15,419	\$ 34,632	\$ 50,051
Accrued Payroll	56,775	19,150	75,925
Cash Bonds Payable	41,600	0	41,600
Due to Other Funds	2,657	0	2,657
Accrued Interest Payable	75,346	2,820	78,166
Current Portion - Long-Term Debt	<u>273,000</u>	<u>69,000</u>	<u>342,000</u>
Total Current Liabilities	<u>\$ 464,797</u>	<u>\$ 125,602</u>	<u>\$ 590,399</u>
Non-Current Liabilities-			
Payable from Restricted Assets-			
Customers' Deposits	\$ 0	\$ 199,687	\$ 199,687
Long-term Debt	5,904,285	1,370,980	7,275,265
Deferred Loss on Bond Refunding	<u>0</u>	<u>(16,533)</u>	<u>(16,533)</u>
Total Non-Current Liabilities	<u>\$ 5,904,285</u>	<u>\$ 1,554,134</u>	<u>\$ 7,458,419</u>
Total Liabilities	<u>\$ 6,369,082</u>	<u>\$ 1,679,736</u>	<u>\$ 8,048,818</u>
Net Position:			
Net Investment in Capital Assets	\$ 4,535,295	\$12,276,347	\$16,811,642
Restricted for Debt Service	0	702,195	702,195
Unrestricted	<u>(3,855,840)</u>	<u>691,767</u>	<u>(3,164,073)</u>
Total Net Position	<u>\$ 679,455</u>	<u>\$13,670,309</u>	<u>\$14,349,764</u>

See notes to financial statements.

City of Mansfield, Louisiana
Government-Wide Statement of Activities
For the Year Ended December 31, 2014

Program Activities	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	\$1,758,347	\$ 480	\$ 0	\$ 0	\$(1,757,867)	\$ 0	\$(1,757,867)
Public Safety	1,749,360	225,241	159,145	35,140	(1,329,834)	0	(1,329,834)
Public Works	413,565	0	16,260	0	(397,305)	0	(397,305)
Sanitation	140,288	139,142	0	0	(1,146)	0	(1,146)
Recreation	4,186	0	0	0	(4,186)	0	(4,186)
Maintenance	68,110	0	0	0	(68,110)	0	(68,110)
Interest on Long-term Debt	<u>181,168</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(181,168)</u>	<u>0</u>	<u>(181,168)</u>
Total Governmental Activities	<u>\$4,315,024</u>	<u>\$ 364,863</u>	<u>\$175,405</u>	<u>\$35,140</u>	<u>\$(3,739,616)</u>	<u>\$ 0</u>	<u>\$(3,739,616)</u>
Business-Type Activities:							
Water	\$1,690,454	\$1,326,581	\$ 0	\$27,234	\$ 0	\$ (336,639)	\$ (336,639)
Sewer	541,813	436,756	0	0	0	(105,057)	(105,057)
Interest on Long-term Debt	<u>18,523</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(18,523)</u>	<u>(18,523)</u>
Total Business-Type Activities	<u>\$2,250,790</u>	<u>\$1,763,337</u>	<u>\$ 0</u>	<u>\$27,234</u>	<u>\$ 0</u>	<u>\$ (460,219)</u>	<u>\$ (460,219)</u>
Total Government	<u>\$6,565,814</u>	<u>\$2,128,200</u>	<u>\$175,405</u>	<u>\$62,374</u>	<u>\$(3,739,616)</u>	<u>\$ (460,219)</u>	<u>\$(4,199,835)</u>
General Revenues:							
Taxes-							
Ad Valorem					\$ 408,442	\$ 0	\$ 408,442
Sales & Use					1,618,673	0	1,618,673
Franchise					313,019	0	313,019
Hotel & Motel					106,474	0	106,474
Licenses & Permits					310,043	0	310,043
Video Poker					191,063	0	191,063
Interest Income					8,905	6,385	15,290
Oil & Gas Royalty					53,417	0	53,417
Miscellaneous					8,570	0	8,570
Transfers					<u>(254,281)</u>	<u>254,281</u>	<u>0</u>
Total General Revenues & Transfers					<u>\$ 2,764,325</u>	<u>\$ 260,666</u>	<u>\$ 3,024,991</u>
Change in Net Position					\$ (975,291)	\$ (199,553)	\$ (1,174,844)
Net Position at Beginning of Year					<u>1,654,746</u>	<u>13,869,862</u>	<u>15,524,608</u>
Net Position at End of Year					<u>\$ 679,455</u>	<u>\$13,670,309</u>	<u>\$14,349,764</u>

See notes to financial statements.

FUND FINANCIAL STATEMENTS

City of Mansfield, Louisiana
Balance Sheet-Governmental Funds
December 31, 2014

	<u>Major Funds</u>		<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Debt Service Fund</u>		
<u>Assets</u>				
Cash & Cash Equivalents	\$331,604	\$1,660,172	\$98,834	\$2,090,610
Revenue Receivables	348,571	51,873	0	400,444
Prepaid Expenses	22,188	0	0	22,188
Due from Other Funds	<u>200</u>	<u>0</u>	<u>0</u>	<u>200</u>
Total Assets	<u>\$702,563</u>	<u>\$1,712,045</u>	<u>\$98,834</u>	<u>\$2,513,442</u>
<u>Liabilities</u>				
Accounts Payable	\$ 15,419	\$ 0	\$ 0	\$ 15,419
Accrued Payroll	56,775	0	0	56,775
Cash Bonds Payable	41,600	0	0	41,600
Due to Other Funds	<u>2,657</u>	<u>0</u>	<u>200</u>	<u>2,857</u>
Total Liabilities	<u>\$116,451</u>	<u>\$ 0</u>	<u>\$ 200</u>	<u>\$ 116,651</u>
<u>Fund Balances</u>				
Nonspendable:				
Prepaid Expenses	\$ 22,188	\$ 0	\$ 0	\$ 22,188
Restricted for:				
Debt Service	0	1,712,045	0	1,712,045
Assigned to:				
Police Witness Fees	0	0	98,634	98,634
Unassigned	<u>563,924</u>	<u>0</u>	<u>0</u>	<u>563,924</u>
Total	<u>\$586,112</u>	<u>\$1,712,045</u>	<u>\$98,634</u>	<u>\$2,396,791</u>
Total Liabilities & Fund Balances	<u>\$702,563</u>	<u>\$1,712,045</u>	<u>\$98,834</u>	<u>\$2,513,442</u>

See notes to financial statements.

City of Mansfield, Louisiana
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
December 31, 2014

Total Fund Balances of the Governmental Funds	\$ 2,396,791
Amounts reported for Governmental Activities in the Statement of Net Position are different because:	
Capital Assets used in Governmental Activities are not current financial resources and, therefore, are not reported in the Governmental Funds Balance Sheet-	
Capital Assets	7,837,418
Less, Accumulated Depreciation	(3,302,123)
Interest on Long-term Debt is accrued in the Statement of Net Position, but not in the Governmental Funds	(75,346)
Long-term Liabilities are not due and payable in the current period and, therefore, are not reported in the Governmental Funds Balance Sheet-	
Long-term Debt	<u>(6,177,285)</u>
Net Position of Governmental Activities	\$ <u>679,455</u>

See notes to financial statements.

City of Mansfield, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2014

	<u>Major Funds</u>		<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Debt Service Fund</u>		
REVENUES:				
Taxes	\$1,914,338	\$ 532,270	\$ 0	\$ 2,446,608
Licenses & Permits	501,106	0	0	501,106
Intergovernmental	210,545	0	0	210,545
Charges for Services	171,913	0	20,175	192,088
Fines & Forfeitures	172,775	0	0	172,775
Miscellaneous	<u>67,115</u>	<u>3,611</u>	<u>166</u>	<u>70,892</u>
Total Revenues	<u>\$3,037,792</u>	<u>\$ 535,881</u>	<u>\$20,341</u>	<u>\$ 3,594,014</u>
EXPENDITURES:				
Current-				
General Government	\$1,555,865	\$ 0	\$ 0	\$ 1,555,865
Public Safety-				
Police	1,108,150	0	13,037	1,121,187
Fire	457,914	0	0	457,914
Public Works	434,795	0	0	434,795
Sanitation	126,634	0	0	126,634
Recreation	3,779	0	0	3,779
Capital Outlay	257,678	0	0	257,678
Debt Service				
Principal	0	264,000	0	264,000
Interest	<u>0</u>	<u>215,622</u>	<u>0</u>	<u>215,622</u>
Total Expenditures	<u>\$3,944,815</u>	<u>\$ 479,622</u>	<u>\$13,037</u>	<u>\$ 4,437,474</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>\$ (907,023)</u>	<u>\$ 56,259</u>	<u>\$ 7,304</u>	<u>\$ (843,460)</u>

Continued next page.

See notes to financial statements.

City of Mansfield, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2014

	<u>Major Funds</u>		<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Debt Service Fund</u>		
OTHER FINANCING SOURCES (USES):				
Debt Proceeds	\$ 0	\$ 35,429	\$ 0	\$ 35,429
Operating Transfers Out	<u>0</u>	<u>(254,281)</u>	<u>(0)</u>	<u>(254,281)</u>
Total Other Financing Sources (Uses)	\$ <u>0</u>	\$ <u>(218,852)</u>	\$ <u>0</u>	\$ <u>(218,852)</u>
Excess (Deficiency) of Revenues and Other Sources over (under) Expenditures and Other Uses	\$ (907,023)	\$ (162,593)	\$ 7,304	\$(1,062,312)
Fund Balance-Beginning of Year	<u>1,493,135</u>	<u>1,874,638</u>	<u>91,330</u>	<u>3,459,103</u>
Fund Balance-End of Year	\$ <u>586,112</u>	\$ <u>1,712,045</u>	\$ <u>98,634</u>	\$ <u>2,396,791</u>

See notes to financial statements.

City of Mansfield, Louisiana
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of the Governmental Funds
to the Statement of Activities
Year Ended December 31, 2014

Net Change in Fund Balance - Governmental Funds	\$(1,062,312)
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Amounts reported for Governmental Activities
in the Statement of Activities are different because:

Governmental Funds report Capital Outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. The cost of capital assets recorded in the current period is	257,678
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Depreciation expense on capital assets is reported in the Government-wide financial statements, but does not require the use of current financial resources and is not reported in the Fund Financial Statements. Current year depreciation expense is	(402,333)
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Proceeds of Long-term Debt are shown as revenues in the Governmental Funds, but the debt increases Long-term Liabilities in the Statement of Net Position	(35,429)
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Payments made on Long-term Debt are shown as expenditures in the Governmental Funds, but the payments reduce Long-term Liabilities in the Statement of Net Position.

Long-Term Debt	264,000
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. The net change in accrued interest is	<u>3,105</u>
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Decrease in Net Position of Governmental Activities	\$ <u>(975,291)</u>
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See notes to financial statements.

City of Mansfield, Louisiana
Statement of Net Position
Proprietary Funds
Year Ended December 31, 2014

	<u>Business-Type Activities</u> <u>Enterprise Funds</u>		
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Assets-			
Current Assets-			
Cash & Cash Equivalents	\$ 599,923	\$ 14,954	\$ 614,877
Receivables	89,786	222,467	312,253
Less, Allowance for Doubtful Accounts	(11,698)	(26,951)	(38,649)
Unbilled Receivables	23,830	70,569	94,399
Due from General Fund	0	2,657	2,657
Prepaid Expenses	<u>1,073</u>	<u>7,634</u>	<u>8,707</u>
Total Current Assets	<u>\$ 702,914</u>	<u>\$ 291,330</u>	<u>\$ 994,244</u>
Restricted Assets-			
Cash & Cash Equivalents	\$ 0	\$ 358,539	\$ 358,539
Customer's Deposit Accounts	<u>0</u>	<u>297,468</u>	<u>297,468</u>
Total Restricted Assets	<u>\$ 0</u>	<u>\$ 656,007</u>	<u>\$ 656,007</u>
Noncurrent Assets-			
Land	\$ 0	\$ 70,361	\$ 70,361
Construction in Progress	0	1,978,366	1,978,366
Buildings	3,095	0	3,095
Machinery & Equipment	96,182	35,650	131,832
Vehicles	0	110,313	110,313
Water System	0	15,991,584	15,991,584
Sewer System	7,455,595	0	7,455,595
Less, Accumulated Depreciation	<u>(5,222,362)</u>	<u>(6,818,990)</u>	<u>(12,041,352)</u>
Total Noncurrent Assets	<u>\$ 2,332,510</u>	<u>\$11,367,284</u>	<u>\$ 13,699,794</u>
Total Assets	<u>\$ 3,035,424</u>	<u>\$12,314,621</u>	<u>\$ 15,350,045</u>
Liabilities-			
Current Liabilities-			
Accounts Payable	\$ 7,241	\$ 27,391	\$ 34,632
Accrued Payroll	3,906	15,244	19,150
Accrued Expenses	<u>0</u>	<u>2,820</u>	<u>2,820</u>
Total Current Liabilities	<u>\$ 11,147</u>	<u>\$ 45,455</u>	<u>\$ 56,602</u>

Continued next page.

See notes to financial statements.

City of Mansfield, Louisiana
Statement of Net Position
Proprietary Funds
Year Ended December 31, 2014

	<u>Business-Type Activities</u>		
	<u>Enterprise Funds</u>		
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Liabilities Payable from Restricted Assets-			
Current Portion of Revenue Bonds	\$ 0	\$ 69,000	\$ 69,000
Customer's Deposits	<u>0</u>	<u>199,687</u>	<u>199,687</u>
Total Payable from Restricted Assets	<u>\$ 0</u>	<u>\$ 268,687</u>	<u>\$ 268,687</u>
Noncurrent Liabilities-			
Notes and Bonds Payable	\$ 0	\$ 1,370,980	\$ 1,370,980
Deferred Loss on Bond Refunding	<u>0</u>	<u>(16,533)</u>	<u>(16,533)</u>
Total Noncurrent Liabilities	<u>\$ 0</u>	<u>\$ 1,354,447</u>	<u>\$ 1,354,447</u>
Total Liabilities	<u>\$ 11,147</u>	<u>\$ 1,668,589</u>	<u>\$ 1,679,736</u>
Net Position-			
Net Investment in Capital Assets	\$ 2,332,510	\$ 9,943,837	\$ 12,276,347
Restricted for-			
Revenue Bond Retirement	0	702,195	702,195
Unrestricted	<u>691,767</u>	<u>0</u>	<u>691,767</u>
Total Net Position	<u>\$ 3,024,277</u>	<u>\$10,646,032</u>	<u>\$ 13,670,309</u>

See notes to financial statements.

City of Mansfield, Louisiana
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year Ended December 31, 2014

	<u>Business-Type Activities</u>		
	<u>Enterprise Funds</u>		
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Operating Revenues:			
Charges for Services-			
Water	\$ 0	\$ 1,253,474	\$ 1,253,474
Sewer	423,730	0	423,730
Miscellaneous-			
Penalties & Charges	13,026	54,808	67,834
Other	<u>0</u>	<u>18,299</u>	<u>18,299</u>
Total Operating Revenues	\$ <u>436,756</u>	\$ <u>1,326,581</u>	\$ <u>1,763,337</u>
Operating Expenses:			
Personnel Services	\$ 164,681	\$ 804,744	\$ 969,425
Billing Office	11,936	8,942	20,878
System Maintenance	33,463	129,467	162,930
Treatment Facilities	95,918	364,854	460,772
General & Administrative	15,974	96,596	112,570
Depreciation	<u>219,841</u>	<u>285,851</u>	<u>505,692</u>
Total Operating Expenses	\$ <u>541,813</u>	\$ <u>1,690,454</u>	\$ <u>2,232,267</u>
Loss from Operations	\$ <u>(105,057)</u>	\$ <u>(363,873)</u>	\$ <u>(468,930)</u>
Non-operating Revenues (Expenses):			
Interest Income	\$ 2,835	\$ 3,550	\$ 6,385
Grant Revenue	0	27,234	27,234
Interest Expense	<u>0</u>	<u>(18,523)</u>	<u>(18,523)</u>
Total Non-operating Revenues (Expenses)	\$ <u>2,835</u>	\$ <u>12,261</u>	\$ <u>15,096</u>
Income (Loss) Before Transfers	\$ (102,222)	\$ (351,612)	\$ (453,834)
Transfers	<u>0</u>	<u>254,281</u>	<u>254,281</u>
Change in Net Position	\$ (102,222)	\$ (97,331)	\$ (199,553)
Net Position at Beginning of Year	<u>3,126,499</u>	<u>10,743,363</u>	<u>13,869,862</u>
Net Position at End of Year	\$ <u>3,024,277</u>	\$ <u>10,646,032</u>	\$ <u>13,670,309</u>

See notes to financial statements.

City of Mansfield, Louisiana
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2014

	<u>Business-Type Activities</u> <u>Enterprise Funds</u>		
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Customers	\$ 437,088	\$1,319,900	\$1,756,988
Cash Payments to Suppliers for Goods and Services	(160,501)	(585,402)	(745,903)
Cash Payments to Employees	<u>(163,602)</u>	<u>(804,043)</u>	<u>(967,645)</u>
Net Cash Provided by Operating Activities	\$ <u>112,985</u>	\$ <u>(69,545)</u>	\$ <u>43,440</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Transfers from Other Funds	\$ <u>0</u>	\$ <u>254,281</u>	\$ <u>254,281</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and Construction of Capital Assets	\$ (13,200)	\$ (277,859)	\$ (291,059)
Capital Grants Received	0	77,234	77,234
Principal Paid on Capital Debt	0	(66,000)	(66,000)
Interest Paid on Capital Debt	<u>0</u>	<u>(12,540)</u>	<u>(12,540)</u>
Net Cash Provided by Capital and Related Financing Activities	\$ <u>(13,200)</u>	\$ <u>(279,165)</u>	\$ <u>(292,365)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest Income	\$ <u>2,835</u>	\$ <u>3,550</u>	\$ <u>6,385</u>
Net Increase(Decrease) in Cash & Cash Equivalents	\$ 102,620	\$ (90,879)	\$ 11,741
CASH & CASH EQUIVALENTS:			
Beginning of Year	<u>497,303</u>	<u>761,840</u>	<u>1,259,143</u>
End of Year	\$ <u>599,923</u>	\$ <u>670,961</u>	\$ <u>1,270,884</u>

See notes to financial statements.

Continued next page.

City of Mansfield, Louisiana
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2014

	<u>Business-Type Activities</u> <u>Enterprise Funds</u>		
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Loss from Operations	\$(105,057)	\$ (363,873)	\$ (468,930)
ADJUSTMENTS TO RECONCILE INCOME FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Depreciation	219,841	285,851	505,692
Decrease(Increase) in Accounts Receivable	333	(7,101)	(6,768)
Decrease in Prepaid Expenses	2,727	23,121	25,848
Decrease in Accounts Payable	(5,937)	(8,664)	(14,601)
Increase in Accrued Payroll	1,078	701	1,779
Increase in Customer's Deposits	<u>0</u>	<u>420</u>	<u>420</u>
Net Cash Provided by Operating Activities	<u>\$ 112,985</u>	<u>\$ (69,545)</u>	<u>\$ 43,440</u>
RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS:			
Current Assets-			
Cash and Cash Equivalents	\$ 599,923	\$ 14,954	\$ 614,877
Restricted Assets-			
Cash and Cash Equivalents	<u>0</u>	<u>656,007</u>	<u>656,007</u>
Total Cash and Cash Equivalents	<u>\$ 599,923</u>	<u>\$ 670,961</u>	<u>\$1,270,884</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

City of Mansfield, Louisiana
Notes to Financial Statements
December 31, 2014

Introduction

The City of Mansfield (the City) was incorporated under the Lawrason Act in 1948. The City operates under a Mayor-Council form of government and provides the following services as authorized by its charter: police and fire protection, sanitation, streets, recreation, and general administration services. The City owns and operates two proprietary activities; utility systems, which provide water and sewer services.

1. Summary of Significant Accounting Policies

The financial statements of the City of Mansfield have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity" establishes criteria for determining which entities should be considered a component unit and, as such, part of the reporting entity for financial reporting purposes. The basic criteria are described below.

1. Appointing a voting majority of an organization's governing body and
 - a. The ability of the City of Mansfield to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City of Mansfield.
2. Organizations for which the City of Mansfield does not appoint a voting majority but are fiscally dependent on the City.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the City of Mansfield has determined that there are no component units.

City of Mansfield, Louisiana
Notes to Financial Statements
December 31, 2014

B. Basis of Presentation

Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Fund Financial Statements

The accounts and transactions of the City of Mansfield are organized into funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in the individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. Funds are classified into two categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

City of Mansfield, Louisiana
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The City reports the following major governmental funds:

General Fund - To account for all financial resources except for those required to be accounted for in another fund.

Debt Service Fund - To account for the financial resources accumulated and payments made for principal and interest on Long-Term Debt.

The funds of the City are described below:

Governmental Funds-

General Fund - The general operating fund of the City.

Debt Service Fund - To account for the financial resources accumulated and payments made for principal and interest on the Sales Tax Bond, Series 2010B, the Limited Tax Revenue Bonds, Series 2010, and the Sales Tax Bond, Series 2011.

Police Witness Fees Fund - To account for all financial resources used to pay witness fees to police officers providing court testimony.

Capital Projects Fund - To account for all financial resources used for the acquisition or construction of major capital facilities funded through the Louisiana Community Development Block Grant Program.

Proprietary Funds-

Enterprise Funds

The enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprise where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City's enterprise funds are:

Sewer Fund - Accounts for the provision of sewerage services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Water Fund - Accounts for the provision of water services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

City of Mansfield, Louisiana
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Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows, including unbilled water and sewer services. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if collected within 60 days of the end of the current fiscal period. Other major revenues that are considered susceptible to accrual include earned grant revenues, charges for services, and interest earned on investments. Franchise fees, licenses and permits, and court fines are recognized when received because they are not objectively measurable.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

D. Budgets and Budgetary Accounting

Formal budgetary accounting is employed as a management control. Annual operating budgets are adopted each fiscal year and amended as required. The City follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The Mayor and City Clerk prepare a proposed budget, based on departmental group budget requests, and submits the same to the council no later than fifteen days prior to the beginning of each fiscal year.

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2. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an appropriation ordinance or adoption resolution prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases/decreases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Council.
6. All budgetary appropriations lapse at the end of each fiscal year.

The City's procedures, with respect to its budget, are designed to meet the requirements of applicable Louisiana Revised Statutes. The City prepares budgets for its funds on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted or as amended by the Council.

E. Cash and Cash Equivalents

For the purpose of the Statement of Net Position, "cash and cash equivalents" includes all demand, savings accounts, and certificates of deposit of the City. For the purpose of the proprietary fund Statement of Cash Flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit.

F. Bad Debts

Uncollectible amounts due for customer's utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. Allowance for bad debts in the proprietary funds at December 31, 2014 was \$38,649. Allowance for bad debts in the governmental funds at December 31, 2014 was \$2,104.

G. Capital Assets

Capital Assets, which include property, plant, equipment, and infrastructure assets (e.g., streets, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The City maintains a threshold level of \$1,000 for capitalizing assets.

City of Mansfield, Louisiana
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The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

All capital assets, other than land and construction in progress, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Sewer System	20 years
Water System	20-40 years
Buildings & building improvements	40-50 years
Streets & sidewalks	40 years
Furniture & fixtures	5-7 years
Vehicles	5-15 years
Equipment	5-10 years

H. Compensated Absences

City employees earn from ten to twenty days of vacation leave and from twelve to thirty days of sick leave each year. Vacation leave does not accumulate and accrued sick leave does not vest with the employee; therefore, there is no accrual for compensated absences as of December 31, 2014.

I. Short-term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between the individual funds. These interfund receivables/payables are classified on the balance sheet as "Due from Other Funds" or "Due to Other Funds". Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the government-wide governmental and business-type activities columns of the statement of net position, except for any residual balances outstanding between the governmental activities and business-type activities, which are presented as internal balances.

J. Interfund Transactions

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both governmental and proprietary funds.

City of Mansfield, Louisiana
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The following is a summary of interfund operating transfers:

	<u>Operating Transfers In</u>	<u>Operating Transfers Out</u>
Debt Service Fund	\$ 0	\$254,281
Enterprise Fund- Water	<u>254,281</u>	<u>0</u>
Totals	<u>\$254,281</u>	<u>\$254,281</u>

Transfers are primarily used to move funds:

- From the Debt Service Fund to the Water Fund to cover capital expenditures for water system improvements.

K. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statements of net position.

In the fund financial statements, governmental fund types recognize debt issued as other financing sources. Repayment of the principal and interest is shown as an expenditure.

L. Restricted Assets

Certain resources of the Water Fund are classified as restricted assets on the balance sheet because their use is limited by bond ordinances, or because they represent customers' deposits being held by the fund.

M. Fund Equity

In the fund statements, governmental fund equity is classified as fund balance and displayed in five components. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- a. Nonspendable fund balance - amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact;

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- b. Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- c. Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- d. Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- e. Unassigned fund balance - amounts that are available for any purpose. Only the General Fund would report positive amounts in unassigned fund balance.

In the General Fund, the City has an unassigned fund balance of \$563,924. If applicable, the City would typically use restricted fund balances first, followed by committed resources and assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds. The City establishes fund balance commitments and assignments by passage of an ordinance or resolution.

N. Net Position

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net resources with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.
- c. Unrestricted net position - All other net resources that do not meet the definition of "restricted" or "net investment in capital assets".

When an expense is incurred for the purposes for which both restricted and unrestricted net position are available, management applies unrestricted net position first, unless a determination is made to use restricted net position. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expenses.

City of Mansfield, Louisiana
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O. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

2. Ad Valorem Taxes

The City levies taxes on real and business personal property located within the boundaries of the City. Property taxes are levied by the City on property values assessed by the DeSoto Parish Tax Assessor and approved by the State of Louisiana Tax Commission.

The City bills and collects its own property taxes. The City recognizes property tax revenues when levied.

Property Tax Calendar

Assessment date	January 1
Levy date	December 31
Tax bills mailed	October 15
Total taxes are due	December 31
Penalties & interest added	January 31
Lien date	January 31
Tax sale	May 15

For the year ended December 31, 2014, taxes of 16.53 mills were levied on property with an assessed valuation totaling \$25,712,461, and were dedicated as follows:

General Alimony	8.07 mills
Operating	8.46 mills

Total taxes collected were \$408,442 after small adjustments were made to the original tax roll. Delinquent taxes are collected by the sale of the related property; therefore, no provision for uncollectibles is made.

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The five largest taxpayers and their assessed valuation are as follows:

<u>Taxpayer</u>	<u>Assessed Value</u>
Cleco Power, LLC	\$1,501,440
Community Bank of LA	1,218,760
Wal-mart Property Tax	748,960
Chesapeake Operating	740,834
Wal-mart Real Estate	<u>717,195</u>
Total	<u>\$4,927,189</u>

3. Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2014, is as follows:

	<u>Balance 1/1/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2014</u>
Governmental Activities:				
Capital Assets not Depreciated-				
Land	\$ 189,820	\$ 0	\$0	\$ 189,820
Capital Assets Depreciated-				
Buildings & Improvements	1,067,824	5,218	0	1,073,042
Other Improvements	3,362,912	219,887	0	3,582,799
Equipment	838,355	7,443	0	845,798
Office Furniture	3,555	0	0	3,555
Vehicles	<u>2,117,274</u>	<u>25,130</u>	<u>0</u>	<u>2,142,404</u>
Total Capital Assets	<u>\$7,579,740</u>	<u>\$ 257,678</u>	<u>\$0</u>	<u>\$7,837,418</u>
Less, Accumulated Depreciation-				
Buildings & Improvements	\$ 442,407	\$ 30,079	\$0	\$ 472,486
Other Improvements	987,581	71,810	0	1,059,391
Equipment	487,640	114,931	0	602,571
Office Furniture	3,362	193	0	3,555
Vehicles	<u>978,800</u>	<u>185,320</u>	<u>0</u>	<u>1,164,120</u>
Total Accumulated Depreciation	<u>\$2,899,790</u>	<u>\$ 402,333</u>	<u>\$0</u>	<u>\$3,302,123</u>
Governmental Activities Capital Assets, Net	<u>\$4,679,950</u>	<u>\$(144,655)</u>	<u>\$0</u>	<u>\$4,535,295</u>

City of Mansfield, Louisiana
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Depreciation expense of \$402,333 for the year ended December 31, 2014, was charged to the following governmental functions:

General Fund-

General Government	\$171,133
Public Safety	170,259
Public Works	40,251
Sanitation	13,654
Recreation	407
Maintenance	<u>6,629</u>

Total General Fund \$402,333

	Balance 1/1/2014	Additions	Deletions	Balance 12/31/2014
Business-Type Activities:				
Capital Assets not Depreciated-				
Land	\$ 70,361	\$ 0	\$0	\$ 70,361
Construction in Progress	1,791,081	187,284	0	1,978,365
Capital Assets Depreciated-				
Buildings	3,095	0	0	3,095
Water Treatment Plant	2,511,340	0	0	2,511,340
Machinery & Equipment	583,865	0	0	583,865
Pumping Station	1,442,207	82,201	0	1,524,408
Transmission Line	3,782,190	8,374	0	3,790,564
Water System	7,823,549	0	0	7,823,549
Sewer System	4,456,069	13,200	0	4,469,269
Sewer Treatment Plant	<u>2,986,330</u>	<u>0</u>	<u>0</u>	<u>2,986,330</u>
Total Capital Assets	<u>\$25,450,087</u>	<u>\$ 291,059</u>	<u>\$0</u>	<u>\$25,741,146</u>
Less, Accumulated Depreciation-				
Buildings	\$ 3,095	\$ 0	\$0	\$ 3,095
Water Treatment Plant	2,236,799	11,933	0	2,248,732
Machinery & Equipment	364,401	44,164	0	408,565
Pumping Station	965,870	18,215	0	984,085
Transmission Line	2,217,730	47,212	0	2,264,942
Water System	820,012	172,001	0	992,013
Sewer System	2,655,914	168,423	0	2,824,337
Sewer Treatment Plant	<u>2,271,839</u>	<u>43,744</u>	<u>0</u>	<u>2,315,583</u>
Total Accumulated Depreciation	<u>\$11,535,660</u>	<u>\$ 505,692</u>	<u>\$0</u>	<u>\$12,041,352</u>
Business-Type Activities Capital Assets, Net	<u>\$13,914,427</u>	<u>\$(214,633)</u>	<u>\$0</u>	<u>\$13,699,794</u>

City of Mansfield, Louisiana
Notes to Financial Statements
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Depreciation expense of \$505,692 for the year ended December 31, 2014, was charged to the following business-type functions:

Water System	\$285,851
Sewer System	<u>219,841</u>
Total Utility Fund	<u>\$505,692</u>

4. Long-Term Debt

The following is a summary of the long-term obligation transactions for the year ended December 31, 2014.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Governmental Funds:				
Series 2010B Sales Tax Bonds	\$2,857,099	\$35,429	\$129,000	\$2,763,528
Series 2010 Limited Tax Revenue Bonds	1,046,000	0	40,000	1,006,000
Series 2011 Sales Tax Bonds	<u>2,502,757</u>	<u>0</u>	<u>95,000</u>	<u>2,407,757</u>
Total Governmental Funds	<u>\$6,405,856</u>	<u>\$35,429</u>	<u>\$264,000</u>	<u>\$6,177,285</u>
Proprietary Funds:				
Series 2013 Water Revenue Refunding Bonds	\$ 345,000	\$ 0	\$ 63,000	\$ 282,000
URAF Agreements 8085, 8751, 8996	377,227	0	3,000	374,227
URAF Agreements 06465	133,859	0	0	133,859
URAF Agreements LTM-116-02	49,573	0	0	49,573
URAF Agreements LTM-399	<u>600,321</u>	<u>0</u>	<u>0</u>	<u>600,321</u>
Total Proprietary Funds	<u>\$1,505,980</u>	<u>\$ 0</u>	<u>\$ 66,000</u>	<u>\$1,439,980</u>
Grand Total	<u>\$7,911,836</u>	<u>\$35,429</u>	<u>\$330,000</u>	<u>\$7,617,265</u>

Bonds and notes payable at December 31, 2014 are comprised of the following:

Governmental Funds

1. Sales Tax Bonds, Series 2010, interest at 2.95%, dated February 11, 2010, in the original amount of \$4,120,000. The bond issue consisted of \$1,000,000 of Sales Tax Revenue Bonds, Series 2010A (ARRA) and \$3,120,000 of Sales Tax Bonds, Series 2010B. The Louisiana Department of Health and Hospitals agreed to purchase the Sales Tax Bonds, Series 2010 through the State Drinking Water Revolving Loan Fund for the purpose of constructing and acquiring improvements, extensions and replacements to its water system. The loan is secured and payable from a pledge and dedication of sales and use tax revenues and the net revenues of the water system. Scheduled principal and interest payments are due annually through February 1, 2030.

City of Mansfield, Louisiana
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2. Limited Tax Revenue Bonds, Series 2010, interest at 2.95%, dated November 10, 2011, in the original amount of \$1,550,000. The Louisiana Department of Health and Hospitals agreed to purchase the Limited Tax Revenue Bonds, Series 2010 through the State Drinking Water Revolving Loan Fund for the purpose of financing a portion of the costs of constructing and acquiring improvements, extensions and replacements to its water system. The loan is secured and payable from a pledge and dedication of the full faith and credit of the City. The net revenues of the water system shall be set aside in the funds and accounts described in the authorizing ordinance and shall be and remain so pledged for the security and payment of the bonds in principal and interest, until the bonds shall be fully paid and discharged. Scheduled principal and interest payments are due annually through October 1, 2032.
3. Sales Tax Bonds, Series 2011, interest at 2.95%, dated January 6, 2012, in the original amount of \$3,280,000. The Louisiana Department of Health and Hospitals agreed to purchase the Sales Tax Bonds, Series 2011 through the State Drinking Water Revolving Loan Fund for the purpose of financing a portion of the costs of constructing and acquiring improvements, extensions and replacements to its water system. The loan is secured and payable from a pledge and dedication of the revenues of a ½% sales and use tax of the City authorized at an election held on October 4, 2008, after payment of the reasonable costs of collecting and administering the tax. The net revenues of the tax shall be and remain pledged for the security and payment of the bonds in principal and interest, until the bonds shall be fully paid and discharged. Scheduled principal and interest payments are due annually through February 1, 2032.

Proprietary Funds

1. Water Refunding Bonds, Series 2013 (Refunding 2005 Bonds and 1997 Bonds) at variable interest rates dated January 21, 2013, in the original amount of \$809,000. Scheduled principal and interest payments due annually through 2018.
2. Utility Relocation Assistance Funding Agreement, non-interest bearing, dated March 14, 2001 (238,029); July 24, 1996 (\$106,665); and July 9, 1998 (\$50,533). Principal payments of \$3,000 due annually through 2039.
3. Utility Relocation Assistance Funding Agreement – 06465, non-interest bearing, dated May 16, 2006, due upon demand.
4. Utility Relocation Assistance Funding Agreement – LTM 116-02, non-interest bearing, dated July 12, 1982, due upon demand.
5. Utility Relocation Assistance Funding Agreement – LTM 399-02, non-interest bearing, dated December 16, 2008, due upon demand.

City of Mansfield, Louisiana
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The annual debt service requirements to maturity for these loans are as follows:

Governmental Funds

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 273,000	\$ 182,230	\$ 455,230
2016	279,000	174,176	453,176
2017	286,000	165,946	451,946
2018	295,000	157,509	452,509
2019	303,000	148,806	451,806
Thereafter	<u>4,741,285</u>	<u>1,017,705</u>	<u>5,758,990</u>
Total	<u>\$6,177,285</u>	<u>\$1,846,372</u>	<u>\$8,023,657</u>

Proprietary Funds

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 69,000	\$ 9,960	\$ 78,960
2016	72,000	7,260	78,260
2017	75,000	4,440	79,440
2018	78,000	1,500	79,500
2019	3,000	0	3,000
Thereafter	<u>1,142,980</u>	<u>0</u>	<u>1,142,980</u>
Total	<u>\$1,439,980</u>	<u>\$ 23,160</u>	<u>\$1,463,140</u>

5. Restricted Assets

Certain resources set aside for repayment of bonded indebtedness and customers' utility deposits are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond ordinances or deposit agreements.

Water revenue bonds are obligations of the City solely secured by a pledge of the net revenues of the water system. The revenue of the water system and the various special depository accounts established by the bond ordinances collateralize the bonds. The ordinances provide that the revenue of the system is to be used first to pay operating and maintenance of the system and then to meet the funding covenants of the obligations. Any remaining revenues may then be used for any lawful purpose.

The ordinances authorizing the water revenue bonds require the City to establish certain depository accounts. The City is required to make monthly deposits to these accounts to satisfy the requirements of the related bond covenants to assure payment of principal and interest when due.

City of Mansfield, Louisiana
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The bond covenants of the water revenue bonds require the City to establish the following accounts:

Waterworks Revenue Bond and Interest Sinking Fund – The City must transfer into this fund, each month, one twelfth of the principal and one-sixth of the interest due on the next principal and interest payment dates. Such transfers will be fully sufficient to promptly and fully pay principal and interest installments as they become due and may be used only for such payments.

Waterworks Revenue Bond Reserve Fund – The City must transfer into this fund, each month, an amount equal to five percent of the amount paid into the Sinking Fund until there will have accumulated in the Reserve Fund an amount equal to the Reserve Fund Requirement of \$80,900. The money in the Reserve Fund shall be retained solely for the purpose of paying the principal of and interest on bonds payable from the Sinking Fund as to which there would otherwise be default.

Waterworks Depreciation and Contingencies Fund -The City must transfer into this fund, each month, an amount equal to five percent of the amount paid into the Sinking Fund until there will have accumulated in the Depreciation and Contingencies Fund an amount equal to \$25,000. The money in the Depreciation and Contingencies Fund shall be used to care for extensions, additions, improvements, renewals, and replacement s necessary to properly operate the system. In addition, the money in this fund may be used to pay the principal and interest on bonds payable for which there is not sufficient money in the Sinking Fund or the Reserve Fund.

6. Debt Service Fund

Under the terms of the loan and pledge agreements for the Drinking Water Revolving Loan Fund utilized by the Louisiana Department of Health and Hospitals to purchase the City's Sales Tax Bonds, Series 2010 and Series 2011; the City is required to establish a Debt Service Fund to account for transactions related to these bond issues. The loan and pledge agreement requires four separate bank deposit accounts be established and maintained within the Debt Service Fund:

- *Sales Tax Account* – the proceeds of the one-half percent sales tax dedicated to fund the Sales Tax Bonds, Series 2010 and Series 2011, shall be deposited daily into this account.
- *Construction Account* – each installment of the purchase price of the Bonds is to be deposited into this account and the costs of the project will be disbursed from this account.

City of Mansfield, Louisiana
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- *Sinking Fund Account* – The City must transfer from the Sales Tax Account into this account, each month on or before the 20th day of each month, an amount equal to the principal and interest accruing on the Bonds for such month, together with such additional proportionate sum as may be required to pay said principal; and interest and administrative fee as the same respectively become due.
- *Reserve Fund Account* – maintained solely for the purpose of paying the principal of and interest on Series 2010 and Series 2011 Bonds. The Reserve Fund is required to be funded in an amount equal to one half of the highest principal and interest requirements for any succeeding Bond Year on the Bonds by transferring such amounts as will result in the sum on deposit to be equal to the reserve account requirement.

Under the terms of the loan and pledge agreement for the Drinking Water Revolving Loan Fund utilized by the Louisiana Department of Health and Hospitals to purchase the City's Limited Tax Revenue Bonds, Series 2010; the City is required to establish a Debt Service Fund to account for transactions related to this bond issue.

The loan and pledge agreement requires two separate bank deposit accounts be established and maintained within the Debt Service Fund:

- *Construction Account* – each installment of the purchase price of the Bonds is to be deposited into this account and the costs of the project will be disbursed from this account.
- *Sinking Fund Account* – The City must deposit from the reserves of the tax or moneys available from any source, including the one half of one percent sales and use tax not less than fifteen (15) days prior to the date that any principal and/or interest falls due, sufficient funds to pay said principal and interest.

7. Employee Retirement Systems

Substantially all employees of the City of Mansfield are members of either the Municipal Employees Retirement System of Louisiana or the Municipal Police Employees Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

A. Municipal Employees Retirement System of Louisiana (System)

Plan Description. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan A.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from City funds and all elected City officials who were serving on January 1, 1997, are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable

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Notes to Financial Statements
December 31, 2014

service, or at any age with at least 30 years creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (504) 925-4810.

Funding Policy. Under Plan A, members are required by state statute to contribute 9.5 percent of their annual covered salary and the City of Mansfield is required to contribute at an actuarially determined rate. The current rate is 19.75 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the City of Mansfield are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City of Mansfield's contributions to the System under Plan A for the years ending December 31, 2014, 2013 and 2012, were \$289,482, \$262,388, and \$192,903, respectively, equal to the required contributions for each year.

B. Municipal Police Employees Retirement System of Louisiana (System)

Plan Description. All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (504) 929-7411.

City of Mansfield, Louisiana
Notes to Financial Statements
December 31, 2014

Funding Policy. Plan members are required by state statute to contribute 10 percent of their annual covered salary and the City of Mansfield is required to contribute at an actuarially determined rate. The current rate is 31.5 percent of annual covered payroll. The contribution requirements of plan members and the City of Mansfield are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City of Mansfield's contributions to the System for the years ending December 31, 2014, 2013, and 2012, were \$198,643, \$198,996, and \$82,761, respectively, equal to the required contributions for each year.

8. Cash and Investments

The cash and cash equivalents of the City are subject to the following risk:

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the City that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the City's name.

Cash and investments are held separately by each of the City's funds. At December 31, 2014, cash and investments totaled \$3,361,494 (book balances), including \$750 cash on hand. Bank account and investment balances at December 31, 2014, totaled \$3,654,303. Of this amount, \$906,104 was insured by federal depository insurance, and \$2,748,199 was secured by government securities and pledged securities.

Cash and cash equivalents held at December 31, 2014 include \$164,348 invested with the Louisiana Asset Management Pool (LAMP), a local government investment pool. The Louisiana Asset Management Pool is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets.

The primary objective of LAMP is to provide a safe environment for the placement of public funds in short term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955.

City of Mansfield, Louisiana
Notes to Financial Statements
December 31, 2014

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based upon quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company. LAMP is rated AAA by Standard & Poors.

9. Compensation of City Councilmen

A detail of compensation paid to individual councilmen for the year ended December 31, 2014 follows:

Mitchell L. Lewis	\$ 9,600
Troy N. Terrell	4,800
Kervin Campbell	9,600
Mary Green	4,800
G.B. Hall, III	4,800
Roy Jones	4,800
Joseph Hall, Jr.	<u>9,600</u>
Total	<u>\$48,000</u>

10. Receivables

The following is a summary of receivables at December 31, 2014:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Tax, Licenses & Permits-					
Ad Valorem	\$ 81,416	\$ 0	\$ 0	\$ 0	\$ 81,416
Sales & Use	103,760	51,873	0	0	155,633
Franchise	78,231	0	0	0	78,231
Hotel Occupancy	5,585	0	0	0	5,585
Video Poker	34,078	0	0	0	34,078
Other Receivables	<u>45,501</u>	<u>0</u>	<u>101,918</u>	<u>266,085</u>	<u>413,504</u>
Total	<u>\$348,571</u>	<u>\$51,873</u>	<u>\$101,918</u>	<u>\$266,085</u>	<u>\$768,447</u>

Allowance for bad debts for the garbage collections in the general fund is \$2,104. Allowance for bad debts for the sewer fund is \$11,698 and for the water fund is \$26,951.

City of Mansfield, Louisiana
Notes to Financial Statements
December 31, 2014

11. Related Party Transactions

Procedures, observations, and inquiries did not disclose any material related party transaction for the fiscal year ended December 31, 2014.

12. On-Behalf Payments

Certain employees of the City Police Department and City Fire Department receive supplemental pay from the State. In accordance with GASB Statement No. 24, the City has recorded revenues and expenditures for these payments in the General Fund. Revenues under this arrangement totaled \$128,968 and the related expenditures are as follows:

City Police Department	\$ 78,934
City Fire Department	<u>50,034</u>
Total	<u>\$128,968</u>

13. Commitments and Contingencies

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance for all risks of loss, including workers' compensation and employee health and accident insurance. Settlements have not exceeded insurance coverage in any of the past three fiscal years.

14. Subsequent Events:

Management has evaluated events through May 5, 2015, the date which the financial statements were available for issue.

15. Budgetary Comparison:

At December 31, 2014, the General Fund had actual revenues under their budgeted amount and actual expenditures over their budgeted amount by more than the 5% allowed.

REQUIRED SUPPLEMENTAL INFORMATION

City of Mansfield, Louisiana
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance-
Budget (GAAP Basis) and Actual
Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$2,291,500	\$2,156,140	\$1,914,338	\$(241,802)
Licenses & Permits-				
Licenses & Permits	305,800	302,100	310,043	7,943
Video Poker	240,000	215,000	191,063	(23,937)
Intergovernmental	205,750	251,031	210,545	(40,486)
Charges for Services	247,550	215,550	171,913	(43,637)
Fines & Forfeitures	247,000	217,000	172,775	(44,225)
Miscellaneous-				
Interest	4,000	4,500	5,128	628
Oil and Gas Royalties	90,000	70,000	53,417	(16,583)
Miscellaneous	<u>25,000</u>	<u>19,200</u>	<u>8,570</u>	<u>(10,630)</u>
Total Revenues	<u>\$3,656,600</u>	<u>\$3,450,521</u>	<u>\$3,037,792</u>	<u>\$(412,729)</u>
EXPENDITURES:				
Current-				
General Government	\$1,487,550	\$1,433,970	\$1,555,865	\$(121,895)
Public Safety-				
Police	1,161,300	1,075,101	1,108,150	(33,049)
Fire	434,400	434,750	457,914	(23,164)
Public Works	439,450	387,350	434,795	(47,445)
Sanitation	127,400	115,650	126,634	(10,984)
Recreation	6,500	3,700	3,779	(79)
Capital Outlay	<u>469,500</u>	<u>296,400</u>	<u>257,678</u>	<u>38,722</u>
Total Expenditures	<u>\$4,126,100</u>	<u>\$3,746,921</u>	<u>\$3,944,815</u>	<u>\$(197,894)</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	\$ (469,500)	\$ (296,400)	\$ (907,023)	\$(610,623)
Fund Balance-Beginning of Year	<u>1,493,135</u>	<u>1,493,135</u>	<u>1,493,135</u>	<u>0</u>
Fund Balance-End of Year	<u>\$1,023,635</u>	<u>\$1,196,735</u>	<u>\$ 586,112</u>	<u>\$(610,623)</u>

See notes to financial statements.

City of Mansfield, Louisiana
Schedule of Compensation, Benefits and Other Payments to
Agency Head or Chief Executive Officer
For the Year Ended December 31, 2014

Agency Head Name: Curtis McCoy, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$45,000
Benefits-Insurance	18,231
Benefits-Retirement	8,663
Deferred Compensation	0
Benefits-Other	700
Car allowance	6,750
Vehicle provided by government	0
Cell phone	0
Dues	0
Vehicle rental	0
Per diem	0
Reimbursements	1,929
Travel	0
Registration fees	0
Conference travel	0
Housing	0
Unvouchered expenses	0
Special meals	1,108
Other	<u>0</u>
Total	<u>\$82,381</u>

See independent auditor's report.

City of Mansfield, Louisiana
Combining Balance Sheet-Non-Major Funds
December 31, 2014

	<u>Special Revenue Fund</u> Police Witness Fees Fund	Capital Projects Fund	<u>Total</u>
<u>Assets</u>			
Cash & Cash Equivalents	<u>\$98,634</u>	<u>\$200</u>	<u>\$98,834</u>
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Due to other Funds	\$ 0	\$200	\$ 200
Fund Balances:			
Assigned to-			
Police witness fees	<u>98,634</u>	<u>0</u>	<u>98,634</u>
Total Liabilities and Fund Balances	<u>\$98,634</u>	<u>\$200</u>	<u>\$98,834</u>

See notes to financial statements.

City of Mansfield, Louisiana
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance-Non-Major Funds
For the Year Ended December 31, 2014

	<u>Special Revenue Fund</u> Police Witness Fees <u>Fund</u>	Capital Projects <u>Fund</u>	<u>Total</u>
Revenues:			
Charges for Services	\$20,175	\$0	\$20,175
Interest	<u>166</u>	<u>0</u>	<u>166</u>
Total Revenues	\$20,341	\$0	\$20,341
Expenditures:			
Current-			
Public Safety	<u>13,037</u>	<u>0</u>	<u>13,037</u>
Net Change in Fund Balances	\$ 7,304	\$0	\$ 7,304
Fund Balances – Beginning of Year	<u>91,330</u>	<u>0</u>	<u>91,330</u>
Fund Balances – End of Year	<u>\$98,634</u>	<u>\$0</u>	<u>\$98,634</u>

See notes to financial statements.

OTHER REPORTS

Johnson, Thomas & Cunningham

Certified Public Accountants

Eddie G. Johnson, CPA – A Professional Corporation (1927-1996)

Mark D. Thomas, CPA – A Professional Corporation

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Mayor and the City Council of
Mansfield, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Mansfield as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City of Mansfield's basic financial statements, and have issued our report thereon dated May 5, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Mansfield's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Mansfield's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Mansfield's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Mansfield's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 14-01.

City of Mansfield's Response to Findings

The City of Mansfield's response to the finding identified in our audit is described in the accompanying schedule of audit findings. The City of Mansfield's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 25:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Johnson, Thomas & Cunningham, CPA's
Johnson, Thomas & Cunningham, CPA's

May 5, 2015
Natchitoches, Louisiana

City of Mansfield, Louisiana
Schedule of Audit Findings
Year Ended December 31, 2014

I. SUMMARY OF AUDIT RESULTS

The following summarize the audit results:

1. An unmodified opinion was issued on the financial statements of the City of Mansfield as of and for the year ended December 31, 2014.
2. The audit disclosed no significant deficiencies in internal control.
3. The audit disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards*.

II. FINDINGS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The following finding relates to the financial statements and is required to be reported in accordance with *Government Auditing Standards*:

Compliance-

14-01 *Local Government Budget Act*

Criteria – Louisiana Revised Statutes require that the operating budget be amended if actual revenues are less than budgeted revenues by 5% or more and/or actual expenditures exceed budgeted expenditures by 5% or more.

Condition – For the year ended December 31, 2014 actual revenues were less than budgeted revenues by more than 5% and actual expenditures were more than budgeted expenditures by more than 5%, and the budget was not amended accordingly.

Effect – The budget cannot be used as an effective management tool to control revenues and expenditures.

Cause – Oversight of management to ensure the budget was properly amended prior to the year end.

Recommendation – The City should institute procedures to ensure that the budget is amended to comply with the Local Government Budget Act.

Management's Response – The City will institute procedures to ensure the budget is amended when required.

City of Mansfield, Louisiana
Schedule of Prior Year Findings
Year Ended December 31, 2014

Finding - Financial Statements Audit

13-01 Control over Cash Bonds Payable

Condition – The system of internal control over cash bonds payable was inadequate, as a result no reconciliation was performed between the general ledger cash bonds payable account and the list of cash bonds held by the City.

Current Status – This condition was cleared for the year ended December 31, 2014.